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# MARTIN-McNEELY MINES, LIMITED

## *Annual Report*



*For the Year Ended December 31, 1965*



# MARTIN-McNEELY MINES, LIMITED

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To the Shareholders:

The Board of Directors have pleasure in submitting to the shareholders the Annual Report for the calendar year 1965. We present herewith the Balance Sheet of your company, together with a Statement of Exploration and Administrative expenses.

Under the direction of Cochenour-Willans Gold Mines Limited the program for the development of Wilmar Mines Limited and Annco Mines Limited has continued satisfactorily throughout the year. A detailed appraisal of the work completed, together with the projected plans for the future of each of these companies is set forth in the reports to the shareholders of these companies issued on behalf of the Directors and signed by the president, Mr. E. C. Cochenour. Copies of these reports are contained within this Annual Report.

**WILMAR MINES LIMITED** (Martin-McNeely holds 1,315,666 shares)

The sinking of the internal shaft from the 1300-foot level was completed to a depth of 2,116 feet in March, 1965.

**The 2050-Foot Horizon** — At this level there are three breccia zones and the diorite zone. The development on the diorite structure at this level has to date been disappointing. Early results in the development of the breccia zones indicated substantial widths of low grade. Subsequent exploration in 1966 has produced encouraging results which are now indicating substantially higher average grade for these zones. The most recent results obtained from a raise which has now proceeded in ore for 100 feet are most promising. This ore which is presently in the face of the raise is the highest grade seen to date in the Wilmar exploration. (The average grade of the muck samples from this raise has been 0.84 oz. per ton). More information on this work should be available at an early date. The tonnage of the breccia zones at this horizon has recently been estimated to be approximately 700 tons per vertical foot with an estimated grade of .30 to .40 ozs. per ton.

**The 1300-Foot Horizon** — Revised calculations indicate an estimated tonnage of approximately 1,400 tons per vertical foot grading 0.28 ozs. gold per ton with an estimated silver content of 1.72 ozs. per ton in the breccia zones. The west drive on the 1300-foot level advanced 1,345 feet in 1965 towards its target in the folded area "mirror image" of the property. To date in 1966 this drift has advanced another 335 feet and has some 800 feet yet to go. The character of the rocks is undergoing some change and most recent work has indicated a granodiorite-talc schist zone or complex which is approximately 120 feet wide, and which has been indicated to date for a length of some 400 feet. There are many high grade gold-silver diamond drill intersections within this structure and management is attempting to assess whether these high grade narrow intersections will produce enrichments adequate to justify mining the whole or a substantial portion of the zone. The drift is being continued to the target area to the west.



## **ANNCO MINES LIMITED (Martin-McNeely holds 1,301,668 shares)**

We now have a mine about to commence official production. The results during the past year at this property lying immediately to the south of Cochenour Willans Gold Mines Limited west ore zone have been a matter of satisfaction to your Board. Limited shipments of ore to the Cochenour mill started in June, 1965 on a break-in basis. During the seven-month period some 10,000 tons of ore grading .57 ozs. gold per ton were shipped to the Cochenour mill. Of this ore more than 20% came from development headings. These limited shipments produced an operating profit of some \$43,000.00. It was deemed advisable during the year to change mining procedure from shrinkage stoping to cut-and-fill and this has necessitated some delays in the production schedules of this company. Normal mining and milling conditions should be in full effect at the mine by July 1, 1966. The new mining procedure should eliminate the heavy dilution of the ore and it is expected that the grade will range between .60 to .70 ozs. per ton.

**Ore Reserves** — Ore reserves have been substantially increased. A year ago it was estimated that tonnage above the 2050-foot horizon would be 150,000 tons. Work during the year has increased this tonnage by one-third to 200,000 tons and recent deeper drilling has indicated an additional 50,000 tons of probable ore to the 2200 foot horizon. Additional extensions are considered probable. Earlier it had been expected that the ore might be cut off by a peridotite dyke lying to the south. As a result of recent diamond drill intersections, it is now possible that rather than being cut off the ore may perhaps follow the dyke to depth. The cross-cut from the Cochenour No. 1 shaft on the 2200-foot level is now proceeding southward and information will be obtained from drilling and development.

Mining and milling costs are expected to decline with increased tonnages being handled, and grade is expected to improve with the prospective control of dilution.

## **EXPLORATION**

### **Twin Falls Syndicate**

Diamond drilling failed to indicate any orebody.

### **Pine Point Syndicate**

Work, under the supervision of one of the major mining companies, has started on an I.P. Survey. This work will be completed after the break-up.

### **Mattagami Lake**

Your company's interest in Marmattagami Mines has been maintained.

### **Ross River Syndicate**

This Syndicate formed late in 1965 has staked 291 claims in the Yukon area (Vangorda, Dynasty, and Ross River). The properties acquired lie to the east and the west of the promising base metal deposits currently being developed by the Cyprus, Dynasty and Kerr Addison interests.

### **K.G. Ellard Grubstake**

It is planned to drill a group of claims held by this Syndicate at an early date.

### **Other Exploration**

Your company proposes to continue to pursue conservatively any exploration opportunities. We are currently participating in a number of grubstake syndicates.

## FINANCIAL

At the end of 1965 your company had liquid assets of approximately \$635,000.00 after placing some \$130,000.00 in the treasuries of Wilmar Mines Limited and Annco Mines Limited during the year.

An outstanding option on 100,000 shares was exercised at 70 cents per share.

Operating expenses have been kept to a minimum and in addition to some \$30,000.00 received from interest and dividends the company realized more than \$50,000.00 in appreciation from sale of investments.

Your company is a party to agreements with Cochenour Willans Gold Mines Limited and Annco Mines Limited; and Cochenour Willans Gold Mines Limited and Wilmar Mines Limited, where, in each case if production is warranted, milling facilities are to be provided by Cochenour Willans who also undertake to mine and mill ore at cost.

On behalf of the Board of Directors,

J. R. MOONEY,  
President.

TORONTO, Ontario,  
June 7, 1966.



# MARTIN-McNEELY

(Incorporated under the law of Ontario)

## Balance Sheet as at December 31, 1965

### ASSETS

#### CURRENT:

|                                                                     |             |
|---------------------------------------------------------------------|-------------|
| Cash .....                                                          | \$ 2,709.45 |
| Short term investments at cost .....                                | 400,000.00  |
| Marketable securities at cost (Quoted market value \$218,904) ..... | 158,697.71  |
| Accounts receivable .....                                           | 16,434.52   |
| Total current assets .....                                          | 577,841.68  |

#### INVESTMENTS:

|                                                                                 |            |
|---------------------------------------------------------------------------------|------------|
| Shares in mining companies at cost less amounts written off (statement 4) ..... | 747,189.75 |
|---------------------------------------------------------------------------------|------------|

#### MINING PROPERTIES:

|                                                                                             |           |
|---------------------------------------------------------------------------------------------|-----------|
| 5 patented mining claims situated in the Township of Dome in the District of Patricia ..... | 99,470.20 |
|---------------------------------------------------------------------------------------------|-----------|

#### DEFERRED:

|                                                                          |             |
|--------------------------------------------------------------------------|-------------|
| Participation in exploration syndicates (statement 4) .....              | \$ 9,169.33 |
| Deferred exploration and administrative expenditures (statement 3) ..... | 244,904.92  |
|                                                                          | 254,074.25  |

\$ 1,678,575.88

To the Shareholders,  
Martin-McNeely Mines, Limited,  
TORONTO, Ontario.

AUDITOR

We have examined the balance sheet of Martin-McNeely Mines, Limited as at December 31, 1965 and the statements of deferred exploration and administrative expenditures and deficit for the year ended on that date. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

Toronto, Canada,  
May 4, 1966.

# MINES, LIMITED

(the Province of Ontario)

STATEMENT 1

December 31, 1965

## LIABILITIES AND SHAREHOLDERS' EQUITY

### CURRENT:

Accounts payable and accrued charges ..... \$ 2,096.01

### SHAREHOLDERS' EQUITY:

#### Capital Stock:

Authorized —

6,000,000 shares of \$1.00 par value

Issued —

6,000,000 shares, including 100,000 shares issued during the  
year for \$70,000 cash ..... \$ 6,000,000.00

Less discount on shares ..... 4,312,181.26

Deficit (statement 2) ..... 1,687,818.74  
11,338.87 1,676,479.87

Approved on behalf of the Board:

JOHN R. MOONEY, Director.

G. F. MacDONNELL, Director.

\$ 1,678,575.88

### REPORT

In our opinion the accompanying balance sheet and statements of deferred exploration and administrative expenditures and deficit present fairly the financial position of the company as at December 31, 1965 and the results of its operations for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year except that the company's practice with respect to gains and losses on the sale of securities has been changed as indicated in the accompanying note.

ALLEN, MILES, FOX & JOHNSTON,  
Chartered Accountants.

# MARTIN-McNEELY MINES, LIMITED

STATEMENT 2

## STATEMENT OF DEFICIT FOR THE YEAR ENDED DECEMBER 31, 1965

|                                                                                                 |             |                           |
|-------------------------------------------------------------------------------------------------|-------------|---------------------------|
| Balance — December 31, 1964 .....                                                               |             | \$78,482.82               |
| <i>Add:</i>                                                                                     |             |                           |
| Participation in mining syndicate written down .....                                            |             | 3,706.00                  |
|                                                                                                 |             | <u>82,188.82</u>          |
| <i>Deduct:</i>                                                                                  |             |                           |
| Gain on sale of investments in prior years previously included in<br>deferred exploration ..... | \$16,380.00 |                           |
| Gain on sale of investments (note) .....                                                        | 54,469.95   | 70,849.95                 |
| Balance — December 31, 1965 .....                                                               |             | <u><u>\$11,338.87</u></u> |

### NOTE — Marketable Securities:

In prior years the proceeds on the sale of specific securities was included in the investment account until all shares of the security had been sold, at which time the profit or loss on the sale would be recorded. Company practice is now to record investments at cost and include the profit or loss on the sale of securities in the year of the sale. The gain on sale of investments set out in the statement of deficit includes \$16,908.48 profit applicable to sales in prior years.



# MARTIN-McNEELY MINES, LIMITED

STATEMENT 3

## STATEMENT OF DEFERRED EXPLORATION AND ADMINISTRATIVE EXPENDITURES FOR THE YEAR ENDED DECEMBER 31, 1965

|                                                                                 |           |             |                     |
|---------------------------------------------------------------------------------|-----------|-------------|---------------------|
| BALANCE — December 31, 1964 .....                                               |           |             | \$249,005.49        |
| EXPLORATION:                                                                    |           |             |                     |
| Miner's license .....                                                           | \$ 100.00 |             |                     |
| Acreage and municipal taxes .....                                               | 44.82     |             |                     |
| Consulting fees and expenses .....                                              | 1,266.00  |             |                     |
| Engineering and geological services .....                                       | 866.70    | \$ 2,277.52 |                     |
| ADMINISTRATIVE:                                                                 |           |             |                     |
| Telephone and telegraph .....                                                   | 114.05    |             |                     |
| Shareholders' information .....                                                 | 752.29    |             |                     |
| Share certificate expense .....                                                 | 554.50    |             |                     |
| General expense .....                                                           | 318.80    |             |                     |
| Transfer agent's fees .....                                                     | 1,785.90  |             |                     |
| Office rental .....                                                             | 600.00    |             |                     |
| General administration expenses .....                                           | 1,800.00  |             |                     |
| Directors' fees .....                                                           | 525.00    |             |                     |
| Audit and legal .....                                                           | 500.00    |             |                     |
| Office salary and expense .....                                                 | 572.10    | 7,522.64    | 9,800.16            |
|                                                                                 |           |             | 258,805.65          |
| DEDUCT:                                                                         |           |             |                     |
| Interest income .....                                                           | 21,155.73 |             |                     |
| Dividend income .....                                                           | 9,125.00  |             | 30,280.73           |
|                                                                                 |           |             | 228,524.92          |
| ADD:                                                                            |           |             |                     |
| Gain on sale of investments in prior years transferred to deficit account ..... |           |             | 16,380.00           |
| BALANCE DEFERRED — December 31, 1965 .....                                      |           |             | <u>\$244,904.92</u> |

# MARTIN-McNEELY MINES, LIMITED

STATEMENT 4

## PARTICIPATION IN EXPLORATION SYNDICATES

DECEMBER 31, 1965

|                                                            |                   |
|------------------------------------------------------------|-------------------|
| Ross River Syndicate .....                                 | \$1,000.00        |
| Pine Point Area .....                                      | 3,636.00          |
| Twin Falls Syndicate .....                                 | 3,706.98          |
| K. G. Ellard Grubstake .....                               | 501.00            |
| Campbell Grubstake 1965 .....                              | 321.35            |
| Interest in syndicates written down to nominal value ..... | 4.00              |
|                                                            | <u>\$9,169.33</u> |

## SCHEDULE OF INVESTMENTS

DECEMBER 31, 1965

Unlisted and escrowed shares in mining companies at cost less amounts written down:

|                                                        | <u>Shares</u> | <u>Book Value</u>                                      |
|--------------------------------------------------------|---------------|--------------------------------------------------------|
| Luxor Red Lake Mines Limited .....                     | 200,000       | \$ 10,000.00                                           |
| Lake Expanse Gold Mines Limited .....                  | 15,000        | 1,332.50                                               |
| Bruno Mining Corporation Limited (nominal value) ..... | 10,000        | 1.00 (of which 10,000<br>shares are<br>escrowed)       |
| Annco Mines Limited .....                              | 1,054,168     | 110,333.25                                             |
| Wilmar Mines Limited .....                             | 1,307,666     | 615,110.10                                             |
| Marmattagami Mines Limited .....                       | 160,000       | 10,412.90 (of which 135,000<br>shares are<br>escrowed) |
|                                                        |               | <u>\$747,189.75</u>                                    |



# MARTIN-McNEELY MINES, LIMITED

To the Shareholders,  
WILMAR MINES LIMITED:

We submit herewith for your consideration the audited financial statements of your Company for the year 1965.

## EXPLORATION AND DEVELOPMENT

The underground exploration of your property commenced in 1959 with the driving of a long drift on the 1,300 foot horizon from the Cochenour Willans No. 1 shaft into the central section of Wilmar. Subsequent exploration located several zones of gold-silver mineralization of economic character. Extensive development and exploration has been conducted to establish continuity, grade and tonnages of the indicated mineralized structures. While this work has accumulated considerable information, the marginal grade and apparent limited continuity of individual mineralized structures requires that extreme care be taken in evaluating the production economics.

During 1965 and continuing in 1966 the exploration program was designed to establish the known mineralized zones and to search for new "ore" zones. The Red Lake camp, it should be noted is well known for a high grade tenor of ore at many of its producing mines. The possibility of locating higher grade mineralization on the Wilmar, and thus enhancing a production decision is very good.

To explore the potential west area of the Wilmar property a drive is being driven on the 1,300 foot horizon. This drift advanced 1,354 feet in 1965. Diamond drilling exploration from this section of the drift did not encounter any significant mineralized structures. Subsequent work in 1966 advanced this drift another 385 feet and a mineralized "Granodiorite-Talc Schist" complex was encountered. The complex is approximately 120 feet wide and has been explored for a length of 400 feet and remains open on strike to the southwest. Many high grade gold-silver diamond drill intersections have been obtained in this structure, but it must be noted that the mineralization is associated with a multi-directional, fracture-following quartz tourmaline vein system, in which it appears any one vein has limited continuity. Exploration will be continued in the favourable, highly folded area of the property as the drift proceeds an additional 800 feet towards its original target area.

The depth exploration program commenced early in 1965 following completion of the winze. Drifting advance on the 2,050 foot horizon totalled 1,749 feet during the year.

Development and exploration of the "Diorite Dyke" structure on the 2,050 level failed to locate any persistent mineralization. Some erratic visible gold occurrences were found and diamond drilling on this horizon along the length of 1,000 feet only located scattered low grade values.

## 2050 HORIZON

Drifting and diamond drilling exploration along the "Breccia-Talc Schist" contact on the 2,050 foot horizon encountered three mineralized zones in the "Breccia". First results indicated the grade of the Breccia zones to be quite low, in the 0.10 to 0.15 ounces gold per ton range. However, subsequent exploration in 1966 has produced encouraging results and an estimated grade of 0.30 to 0.40 ounces gold per ton is now considered possible. Tonnage potential of the "Breccia" zones at this horizon is estimated to be approximately 700 tons per vertical foot. A program of raising and diamond drilling to further explore these structures is continuing.

## 1300 HORIZON

To establish the continuity of all known mineralized zones on the 1,300 foot horizon a program of raising and detailed diamond drilling was undertaken in 1965 and completed by March, 1966. Total raise advance in 1965 was 622 feet. The vertical continuity of the individual mineralized blocks varied considerably. One block persisted for 30 feet and the mineralization then became low grade and erratic, while another block was still strong at a vertical height of 150 feet above the 1,300 horizon. In general, it can be stated that the vertical continuity of the mineralization is not as good as the horizontal continuity.

With the completion of this raising and diamond drilling program, revised calculations of the 1,300 foot horizon mineralized zones indicates a tonnage potential of approximately 1,400 tons per vertical foot grading 0.28 ounces gold per ton with an estimated silver content of 1.72 ounces silver per ton.

## CONCLUSION:

A raise being driven from the 2,050 foot horizon, at the time of writing, to investigate the area of a good diamond drill hole intersection has been in ore for 100 feet, with ore still in the face. The grade of the ore from this raise has been of the highest tenor seen to date in the Wilmar exploration. More information on this work should be known by the time of the annual meeting.

Respectfully submitted,

On behalf of the Directors,

E. C. COCHENOUR,

President.

May 30, 1966,  
Suite 1203, 2200 Yonge Street,  
TORONTO, Ontario.



# MARTIN-McNEELY MINES, LIMITED

To the Shareholders,  
ANSCO MINES LIMITED:

We are pleased to submit herewith for your consideration the audited financial statements of your Company for the year 1965.

Your mine commenced shipping ore on June 1st, 1965 to the Cochenour mill on a limited break-in basis. During the seven month period this amounted to 10,053 tons averaging 0.57 ounces gold per ton. 5,194 ounces of gold and 262 ounces of silver were recovered for a gross production of \$196,264.

The operating profit amounted to \$43,661, before deducting amortization of deferred development in the amount of \$28,592. Net profit was \$15,069.

## MINE DEVELOPMENT

Stope development and mining in stopes commenced June 1st, 1965, following the same shrinkage mining methods as used at the Cochenour. However due to change in rock formations a heavy dilution of the ore developed which precipitated a decision to change mining procedure to cut-and-fill methods using classified mill tailings for fill. This necessary change set back previously projected production.

The following table outlines the work completed during the year:

| Levels      | Drifts       | Crosscuts  | Raises       | Totals       |
|-------------|--------------|------------|--------------|--------------|
| 1,675 ----- | 227          | —          | 189          | 416 feet     |
| 1,800 ----- | 63           | —          | 746          | 809          |
| 1,925 ----- | 915          | 102        | 723          | 1,740        |
| 2,050 ----- | 674          | 779        | 793          | 2,246        |
|             | <u>1,879</u> | <u>881</u> | <u>2,451</u> | <u>5,211</u> |

Diamond Drilling — Underground ----- 26,580 feet

## Diamond Drilling Exploration

Diamond drilling completed in 1965 totalled 26,580 feet and was mainly necessary to finish blocking out the indicated ore above the 2,050 foot horizon. Depth exploration drilling has been successful and will continue following lower level drift development.

## Mining

The mill feed shipped to the Cochenour mill and supplied by your mine came from the mining in fourteen stopes which produced 7,864 tons of ore averaging 0.61 ounces of gold per ton and from twelve development headings which produced 2,189 tons of ore averaging 0.43 ounces of gold per ton.

## Exploration

The AnSCO mine is located to the south of and adjacent to the central part of the Cochenour Willans property. The underground exploration commenced in 1963 and a zone of gold bearing ore structures has been established from the 1,550 foot horizon to the 2,050 foot horizon.

Essentially all the ore blocks above the 2,050 foot horizon have been developed for mining. The original tonnage estimated to be 150,000 tons of ore above the 2,050 foot horizon is now considered proven. An additional 50,000 tons of ore is considered probable above the 2,050 horizon.

With the introduction of cut-and-fill mining, which will provide for better grade control, the grade of Annco ore is expected to mine out between 0.60 and 0.70 ounces gold per ton.

Recent exploration below the 2,050 foot horizon has been successful in locating an estimated 50,000 tons of probable ore down to the 2,200 foot horizon, 35,000 tons of which is within one stoping block. Additional extensions are considered likely, but at the present time there is not sufficient information to predict major extensions. It is still unknown whether the peridotite dyke located to the south of the southwest dipping ore zones will adversely affect major depth extensions. Exploration on lower horizons will be conducted from crosscuts to be advanced from the Cochenour No. 1 Shaft.

In 1965 an exploration crosscut was driven through the peridotite dyke on the 2,050 foot horizon. Exploration to date from this crosscut has failed to locate any ore, but depth drilling from this crosscut will be continued.

## CONCLUSION

The new mining methods introduced will control dilution of the ore and result in better grade, provide safe working conditions and an improvement in mining costs is anticipated. With an increase in tonnage milled, other costs including milling are expected to improve. What can be considered normal conditions will be fully in effect at the mine by July 1st, 1966.

The fact that the Cochenour Willans have provided good housing and an excellent Pension Plan for the employees has proven its effectiveness in resisting to a great extent the pressure of the severe shortage of miners and skilled tradesmen that exists across Canada. Your mine upon entering the production field begins operations with the effect of these benefits, which otherwise might not have been possible.

Respectfully submitted,

On behalf of the Board,

E. C. COCHENOUR,

President.

May 30, 1966,  
Suite 1203, 2200 Yonge Street,  
TORONTO, Ontario.





# Martin-McNeely Mines, Limited

## DIRECTORS

|                     |   |   |   |   |   |   |   |   |   |          |
|---------------------|---|---|---|---|---|---|---|---|---|----------|
| G. F. MacDONNELL    | - | - | - | - | - | - | - | - | - | Toronto  |
| J. H. SHEPHERD      | - | - | - | - | - | - | - | - | - | Montreal |
| Dr. G. C. McCARTNEY | - | - | - | - | - | - | - | - | - | Toronto  |
| J. R. MOONEY        | - | - | - | - | - | - | - | - | - | Toronto  |
| C. E. MOONEY        | - | - | - | - | - | - | - | - | - | Toronto  |
| G. B. HENNING       | - | - | - | - | - | - | - | - | - | Toronto  |
| S. J. ZACKS         | - | - | - | - | - | - | - | - | - | Toronto  |

## OFFICERS

|                  |   |   |   |   |   |   |   |   |   |                            |
|------------------|---|---|---|---|---|---|---|---|---|----------------------------|
| J. R. MOONEY     | - | - | - | - | - | - | - | - | - | <i>President</i>           |
| G. F. MacDONNELL | - | - | - | - | - | - | - | - | - | <i>Vice-President</i>      |
| J. H. SHEPHERD   | - | - | - | - | - | - | - | - | - | <i>Vice-President</i>      |
| N. W. WHEATLEY   | - | - | - | - | - | - | - | - | - | <i>Secretary-Treasurer</i> |

Transfer Agent and Registrar  
EASTERN & CHARTERED TRUST COMPANY  
Toronto, Ontario

Auditors  
ALLEN, MILES, FOX & JOHNSTON, TORONTO

Head Office  
Suite 303 - 330 Bay Street  
Toronto, Ontario

## ANNUAL MEETING

The Annual Meeting of Shareholders will be held at 2:30 o'clock p.m., Wednesday, June 29, 1966, in the Manitoba Room, Royal York Hotel, Front Street West, Toronto, Ontario.